

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 CIEP-01

TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00 COME-00

FRB-03 INR-07 NSAE-00 USIA-06 XMB-02 OPIC-03 LAB-04

SIL-01 L-03 H-02 DODE-00 PA-01 PRS-01 AGR-05 OES-03

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R 091304Z FEB 76

FM AMEMBASSY SOFIA

TO SECSTATE WASHDC 789

INFO AMEMBASSY BELGRADE

AMEMBASSY BERLIN

AMEMBASSY BUCHAREST

AMEMBASSY BUDAPEST

AMEMBASSY MOSCOW

AMEMBASSY PRAGUE

AMEMBASSY WARSAW

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E.O. 11652: NA

TAGS: ECON, EAGR, BGEN

SUBJECT: 1975 PLAN FULFILLMENT

REF: A) SOFIA 2717

B) SOFIA 208

1. BEGIN SUMMARY. OFFICIAL ANNOUNCEMENT ON 1975

PLAN FULFILLMENT SHOWS AGRICULTURE PERFORMED LESS WELL

THAN PREVIOUSLY INDICATED, AND IT CONTAINS UNEXPLAINED

LARGE INCREASES IN CAPITAL INVESTMENT AND PER CAPITA

REAL INCOME, AS WELL AS A DISCREPANCY IN RETAIL COMMODITY

CIRCULATION THAT MAY INDICATE A PASSING OF SOME INCREASED

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COSTS TO CONSUMER. GENERAL PICTURE, HOWEVER, IS OF

HEATOHY, EXPANDING ECONOMY IN WHICH CONSUMER IS NOT FORGOTTEN, SUPPORTING CONFIDENT ATTITUDE SHOWN BY BULGARIAN LEADERS. DESPITE THIS, PROBLEMS WITH INCREASED COSZT OFHSNERGY, RAW MATERIALS, AND TECHNOLOGY MUST BE OF CONSIDERABLE CONCERN. END SUMMARY.

2. MINISTRY OF INFORMATION AND COMMUNICATIONS  
ANNOUNCEMENT ON 1975 PLAN FULFILLMENT DIFFERS IN SOME SIGNIFICANT ASPECTS FROM PRELIMINARY ESTIMATES PRESENTED AT DECEMBER NATIONAL ASSEMBLY SESSION ON 1976 PLAN AND BUDGET (REF A). FOLLOWING TABLE COMPARES PLAN, PRELIMINARY ESTIMATES, AND MINISTRY ANNOUNCEMENT:

CATEGORY	1976 PLAN ESTIMATES	PRELIMINARY ANNOUNCEMENT	MINISTRY
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NATIONAL

INCOME	9.0#	9.0#	9.0#
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LABOR

PRODUCTIVITY	8.1#	8.6#	8.7#
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INDUSTRIAL

PRODUCTION	8.0#	10.0#	9.9#
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AGRICULTURAL

PRODUCTION	9.3#	8.0#	7.0#
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CAPITAL

INVESTMENT	4.6 BILLION LEVA	4.4 BILLION LEVA	OVER 5.0 BILLION LEVA
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PER CAPITA

REAL INCOME	4.3#	4.7#	5.6#
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RETAIL COMMODITY

CIRCULATION	7.1#	8.0#	8.2#
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INDUSTRIAL

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POPULATION	12.4#	12.0#	11.7#
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(NOTE: # INDICATES PER CENT SIGN WHERE APPEARING ABOVE)

3. DIFFERENCES BETWEEN EARLIER ESTIMATE AND OFFICIAL ANNOUNCEMENT AS WELL AS INTERNAL INCONSISTENCIES IN LATTER DOCUMENT HIGHLIGHT FOLLOWING POINTS:

A. FAILURE TO FILL AGRICULTURAL PLANNED INCREASE  
BY APPROXIMATELY 25 PERCENT INDICATES WEAKNESSES IN SECTOR  
BEYOND THOSE ATTRIBUTABLE TO WEATHER.

B. PRELIMINARY ESTIMATES SHOW FAILURE TO MEET CAPITAL  
INVESTMENT BY 5 PERCENT. SUBSEQUENT ANNOUNCEMENT OF OVER-  
FILLMENT BY APPROXIMATELY 10 PERCENT IS NOT EXPLAINED.

C. INCREASE FROM PRELIMINARY ESTIMATE OF 4.7 PER CENT TO  
5.6 PERCENT IN PER CAPITA REAL INCOME -- A FULL  
1.3 PERCENT ABOVE PLAN -- IS ALSO NOT EXPLAINED. REPORTED  
INCREASE OF 2.6 PERCENT IN AVERAGE SALARY PLUS INCREASED  
PENSION BENEFITS WOULD NOT ACCOUNT FOR INCREASE OF  
THIS SCOPE, REFLECTING ON CREDIBILITY OF 5.6 PERCENT  
FIGURE.

D. TWO FIGURES FOR INCREASE RETAIL COMMODITY  
CIRCULATION ARE GIVEN IN MINISTRY ANNOUNCEMENT. FIRST  
IS 8.2 PERCENT (WITHOUT ANY NOTATION) AND SECOND 7.8 PERCENT  
"AT COMPARABLE PRICES". IF FORMER FIGURE IS AT CURRENT  
PRICES, DIFFERENCE OF 0.4 PERCENT COULD BE EXPLAINED AS  
INFLATION PASSED ON TO CONSUMERS. (SEE ALSO REF B.)

4. FOLLOWING ARE ADDITIONAL HIGHLIGHTS FROM EACH OF  
MAJOR SECTIONS OF MINISTRY ANNOUNCEMENT.

A. INDUSTRY. ALL MINISTRIES AND DEPARTMENTS --  
WITH EXCEPTION OF MINISTRIES OF CHEMICAL INDUSTRY AND OF  
SUPPLY AND STATE RESERVES -- OVERFILLED PLANS, AS DID  
ALL OKRUGS (DISTRICTS). HIGH RATES OF GROWTH IN PRO-  
DUCTION OF ELECTRICITY (10.6 PERCENT), FERROUS METALS (3.6  
PERCENT), MACHINE BUILDING AND METAL PROCESSING (14.8 PERCENT),  
AND CHEMICAL AND RUBBER INDUSTRY (11.9 PERCENT, DESPITE FAILING  
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TO MEET PLAN) ACCOUNTED FOR 56 PERCENT OF TOTAL INDUSTRIAL  
GROWTH. LABOR PRODUCTIVITY ROSE 7.9 PERCENT AND ACCOUNTED  
FOR 82.4 PERCENT OF INDUSTRIAL GROWTH WHILE PRODUCTION COSTS  
DECREASED BY 1.1 PERCENT.

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B. AGRICULTURE. ADDITIONAL 283 THOUSAND DECARES WERE BROUGHT UNDER IRRIGATION. TOTAL CROP VOLUME WAS UP 8.0 PERCENT BUT UNFAVORABLE WEATHER IMPEDED MEETING PLANNED PRODUCTION OF CERTAIN VEGETABLES, FRUITS, AND GRAPES. TOTAL ANIMAL PRODUCTS INCREASED BY 5.8 PERCENT AND NUMBER OF LIVESTOCK INCREASED BY 6.6 PERCENT.

C. CONSTRUCTION. WITH GOWTH OF 5.7 PERCENT (RESULTING ENTIRELY FROM LABOR PRODUCTIVITY), PLAN WAS OVERFULFILLED BY 1.5 PERCENT. MAIN EFFORT WAS TOWARD COMPLETION OF PROJECTS, MAJOR EXAMPLES OF WHICH ARE THIRD TURBINE GROUP AT BOBOV DOL THERMO-ELECTRIC POWER STATION, THIRD ELECTRIC FURNACE AT KREMIKOVTSI, THIRD LIMITED OFFICIAL USE

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EXPANSION AT BURGAS PETRO-CHEMICAL PLANT, THIRD EXPANSION OF DEVNYA THERMO-ELECTRIC POWER STATION, AND LARGE SECTION OF USSR-BULGARIA GAS PIPELINE. FORTY-THREE THOUSAND NEW DWELLINGS WERE COMPLETED, BUT THIS STILL FAILED TO MEET PLAN.

D. TRANSPORTATION AND COMMUNICATIONS. TRANSPORTATION OF FREIGHT INCREASED 13.4 PERCENT AND PASSENGERS BY 2.4 PERCENT. AUTOMATIC TELEPHONE CONNECTIONS BETWEEN SOFIA AND MOSCOW WERE INAUGURATED AS WERE ADDITIONAL INTERNATIONAL TELEPHONE LINES AND MORE WIDE SPREAD AUTOMATIC INTERNATIONAL DIALING FOR TELEX SUBSCRIBERS.

E. FOREIGN ECONOMIC RELATIONS. FOREIGN TRADE WAS UP 21.5 PERCENT (NO BREAKDOWN BY SOCIALIST AND NON-SOCIALIST COUNTRIES) AND PLANNED EXPORT OM BOTH SOCIALIST AND NON-SOCIALIST COUNTRIES WAS OVERFULFILLED, WITH OVER 80 PERCENT OF EXPORTS GOING TO SOCIALIST COUNTRIES, 55.5 PERCENT TO USSR ALONE. SLIGHTLY OVER 4 MILLION TOURISTS VISITED BULGARIA, 231,000 MORE THAN IN 1974.

F. LIVING STANDARD OF POPULATION. GREATER QUANTITY AND VARIETY OF GOODS, BOTH LOCALLY PRODUCED AND IMPORTED, WERE SOLD CONSUMERS, INCLUDING 9 PERCENT MORE MEAT AND 12.2 PERCENT MEAT PRODUCTS. HOWEVER, REPORT NOTED THERE WERE INSUFFICIENT QUANTITIES OF SOME UNSPECIFIED GOODS DEMANDED BY PUBLIC, AND QUALITY AND PROMPTNESS OF INDUSTRIAL SERVICES SHOWED SHORTCOMINGS.

5. COMMENT: FACT THAT MINISTRY'S ANNOUNCEMENT FOR 1975 WAS ABOUT 25 PERCENT SHORTER THAN FOR 1974 RATHER SURPRISING IN VIEW OF ITS BEING FINAL YEAR OF FIVE-YEAR PLAN AND RELATIVELY SUCCESSFUL YEAR. DESPITE BREVITY, ANNOUNCEMENT IS SAME IMPRECISE PRESENTATION OF RANDOM "FACTS" AND FIGURES. DISCREPANCIES NOTED ABOVE ARE PROBABLY INDICATIVE OF CARE WITH WHICH ANNOUNCEMENT IS PREPARED AND OF ITS ACCURACY AND RELIABILITY.

6. TO EXTENT IT CAN BE BELIEVED, ANNOUNCEMENT CONTINUES AND REINFORCES PICTURE OF A HEALTHY AND LIMITED OFFICIAL USE

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EXPANDING ECONOMY IN WHICH CONSUMER IS ALSO NOT BEING FORGOTTEN. IT SUPPORTS CONFIDENT ATTITUDE BULGARIAN LEADERS EXPRESS IN MEETINGS WITH EMBOFFS AS WELL AS AMERICAN BUSINESSMEN AND JOURNALISTS. THERE ARE INDICATIONS OF MORE CAREFUL AND CAUTIOUS PLANNING AND PROCEDURES, BUT NOT OF ANY RETRENCHMENT AS SUCH.

7. THERE ARE, OF COURSE, SERIOUS PROBLEMS WHICH ECONOMY FACES WHICH ARE NOT REFLECTED IN ANNOUNCEMENT, PARTICULARLY INCREASED COSTS OF SOVIET ENERGY AND RAW MATERIALS AND OF ADMITTEDLY NEEDED ADVANCED TECHNOLOGY FROM WEST. DESPITE BULGARIAN ASSURANCES TO

CONTRARY, EMBASSY BELIEVES TERMS OF TRADE WITH CEMA  
PARTNERS, PARTICULARLY USSR, AS WELL AS TRADE DEFICITS  
WITH WEST MUST BE OF CONSIDERABLE CONCERN TO BULGARIAN  
ECONOMISTS.  
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## Message Attributes

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